













Home	Risk Capacity Surveys			Calculators	Chart Index	Open an Account		401(k) Plans		About Us	Contact Us	Call 888-643-3133			
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One Hundred IFA Index Portfolios														Disclosures for Backtested Performance	
12-Steps:	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12			

[More Professional Help Means Higher Returns says recent study](#) **NEW!**

401(k) Plans with IFA as Your ERISA Section 3(38) Fiduciary Investment Manager

[Wal Mart and the "Excessive Fee" case. "Payment of a portion of the expense ratio \(known as "revenue sharing"\) to the plan trustee \(presumably to defray recordkeeping and similar plan expenses\) violated ERISA's prohibited transaction rules."](#) - The Distinction Between ERISA Fiduciaries by Scott Simon, from Morningstar.com.

[Index Funds Gain Ground with Plan Sponsors](#) **NEW!**

["Five Retirement Fees to Lower or Avoid" -- featuring IFA's Dan Solin](#) **NEW!**

[Small 401\(k\) Plans Often Pay Big Fees - The Wall Street Journal Article](#) **NEW!**


[More Index Funds Sought for 401\(k\)s - The Wall Street Journal Article](#)

[February 24, 2009: Noted pension fiduciary warns Congress about the pitfalls of hidden fees and participant-driven investing process.](#)

[House Bill for Index Funds Mandate for 401k Plans](#)





Worried About Your Retirement? You Should Be. View this video from Bloomberg.com  **Watch** Here is a law suit mentioned, don't be the next defendant.

Hidden fees and lack of disclosure significantly hamper retirement returns. Are YOU affected? Bloomberg.com details how as many as 50 million Americans are getting the shaft when it comes to growing their retirement nest eggs. Chances are, you're one of them. Read the article, and demand index funds options for your retirement plan. Index funds carry lower fees and more transparency. What you see is what you get with index funds. Don't settle for anything less. [Read More](#)

[Professionally-Managed 401\(k\)s Get Higher Returns](#)

[Value of a Financial Advisor](#)

[Five Simple Steps to Keep Your 401k Plan Safe and Well](#)

[An Interview with Dan Solin](#) on 401k Plans.






Index Funds

 [DFA](#)

Here is a sample Welcome section of a [custom IFA company](#) 401k site:

 [Click Here to Chat With an Advisor](#)

Tools

-  [401\(k\) Brochure](#)
-  [Cost Comparison](#)
-  [401\(k\) Calculator](#)
-  [Index Calculator](#)
-  [Cost Worksheet](#)

Welcome 401(k) participants!

401(k) is as easy as 1, 2, 3.

1. Take the Risk Capacity Survey

2. Select a Portfolio of Index Funds



Your 401(k) Team

Custodian of Employee Assets for
Safety and Wide Selection of Funds

401(k) en Español

 [Las Razones que](#)

necesita ahorrar

• ¡Ahorra hoy!

• Las ventajas de un

401(k)

• Glosario de terminos

• Inspección

• 100 Preguntas Sobre

Finanzas

► Questions/Answers

• Value of a Financial

Advisor

• Reasons to enroll

• Portfolios of Indexes

• Mutual Fund Details

• Investor Education

• Excessive Fees

► Other Information

• PSCA.org

• The Pension

Research

Council - Wharton

• Erisa-Fiduciary

• 401k Helpcenter

• UMich Retirement

Research Center

• Plansponsor.com

• Benefit Links

• 401(k) Q&As

• Fiduciary

Benchmarks

• Pension Litigation

Data

• Brightscope

• vWise General Info

• vWise Demo Video



3. Enroll in the 401(k) Plan

401(k) Profit Sharing Plan

- Advanced Daily Valuation
- 20 Globally Diversified Portfolios
- Risk Capacity Survey
- Two-Minute Participant Enrollment
- Advanced Portfolio Rebalancing
- Cost Guarantee on Conversions
- Automated Payroll & Census Interface
- Robust Online Reports
- Real-Time Transaction Reports
- Customized Online Participant Education
- Complete Online Compliance Reporting
- IRS Filings Included
- Personal Investment Advisory Services

There are many advantages of Index Funds Advisors' (IFA's) investment strategy for 401(k) plans.

Index funds investing is widely regarded as the best way to invest retirement assets, so much so that the [U.S. Government's Thrift and Savings Plan](#) is composed solely of index funds and adheres to the same sort of rigorous academic data that is used to develop and monitor IFA's investment strategy.

IFA is an investment adviser registered with the SEC. Acting as an investment manager as such term is defined in Section 3(38) of ERISA IFA provides extensive benefits to Plan Sponsors and Plan Participants by

1. Establishing the Plan's investment policy
2. Creating and managing risk-appropriate Index Portfolios as investment options for the Plan
3. Prudently selecting, monitoring, removing and replacing 401(k) Plan investment options
4. Establishing each Plan participant's individual Risk Capacity to educate and assist in the selection of a risk appropriate portfolio
5. Providing investment education materials to advance participant knowledge of investing



The Investment Advisor for

Education and Advice:



Index Funds Advisors
matching people with portfolios

Including Access to DFA Funds:



Dimensional

In their own words:



"If we could choose only one family of funds for the ideal

401(k) plan, it would be

Dimensional Fund Advisors.

We believe DFA's institutional index funds are the best, and employees whose plans include them are fortunate...In 2001, a portfolio of DFA funds weighted equally among the asset classes we listed above would have appreciated by 1 percent. Doesn't seem like much but it's much better than the 12 percent loss in the Standard & Poor's 500 Index and the 23 percent decline by the average large-company growth fund." - Paul Merriman, CBS Marketwatch, A world-class menu of 401(k) choices, Jan 16, 2002



[In the article,] he continues to advocate

ending the current brand recognition contest and replacing competing fund choices with pre-built portfolios at different levels of risk.

6. Assembling and quarterbacking the 401(k) team including Custodian, Recordkeeper, and TPA and overseeing the administration of the plan

By assuming these important fiduciary obligations, IFA significantly reduces the legwork and burden that fall upon you as the Plan Sponsor and infinitely simplifies your duties with respect to the Plan. When you choose IFA, you can rest assured that your 401(k) Plan will be prudently executed from both administrative and investment perspectives, and that Plan participants will benefit from investments that will set them on their best course for retirement.

With the advent of new database technology and the widespread accessibility to the internet, the [401\(k\) Plan](#) marketplace is experiencing a rapid change. The dramatic reductions in costs make the plans more accessible to smaller companies and significantly enhance the total returns of existing retirement plans. The internet allows for improved investment education with new tools to increase employee participation in 401(k) Plans.

To compare the old and new plans, see the table below.

Accounting	
Old Method	New Method
Balance Forward: 401(k) balances reported quarterly. This has been the industry standard. Most old plans and many of the new smaller plans are still using this expensive and labor intensive methodology.	Daily Valuations: Daily valuations have become a requirement of most new 401(k) Plans. With this new internet or telephone based technology, participants can get daily information and trade their account as often as they wish. Although this is a valuable tool, the active trading of the account will probably reduce total returns.

Education and Communication	
Old Method	New Method
Paper Based Delivery: Prior to the wide accessibility of the internet, very expensive brochures, manuals, payroll stuffers and various paper forms were used to communicate to employees. The high cost of these printed materials and postage were paid for by the	Internet Delivery: Since all employees can access the internet at home or at work, it is now feasible to provide all information relating to the 401k plan over the internet. Participants can log on to a secure web site, enroll in the plan, take risk capacity surveys,

Those portfolios, in turn, would be constructed with large doses of index and enhanced index funds combined with smaller doses of proven active managers. The combination would result in a dramatic cost and risk reduction -- and make our largest and most successful savings vehicle less of a lottery. - by Scott Burns, "What Your 401(k) May Look Like. " Both referring to a paper by M. Barton Waring, "It is 11pm, Do You Know Where Your Employees Assets Are?" Call us toll free at 888-643-3133 to obtain a copy.

"Low-cost indexing is the magic ingredient to creating a model 401(k) program." Lynn O'Shaunessy, What's wrong with your 401(k) -- and how to fix it. www.msn.com, 4/1/02



"The typical fund company services [401k plan] participants in the same way that Baby Face Nelson serviced banks." - William Bernstein, [Riding for a Fall](#), The 401(k) is likely to turn out to be a defined-chaos retirement plan.



[An examination of plans sponsored by five leading financial services firms](#) reveals that from 1995 through 1998, none had returns that matched a simple index of 60 percent stocks and 40 percent bonds. Although these companies offer investment advice to the public, the investment choices of their

postage were paid for by the company and/or the employees. These costs, along with inadequate investment advice, make it very difficult to even earn a positive return on investment, as you will see in the cost comparison table on the next page.

choose an asset allocation, and view their daily balances. They can also review educational videos, dynamic charts and other materials, and read the plan document details. Since this can be provided at a fraction of the cost of printed materials and be frequently updated, it has become the preferred method of communication.

own employees underperformed the market index by 3.2 to 10.5 percentage points.

Recommendation: Premixed Portfolios and Professionally Directed Investments. Since **index funds** and the managers of defined benefit pension plans have **historically produced higher yields on investments**, companies adopting the American Freedom 401(k) plan would have to agree to include in participants' options premixed [efficient portfolios](#) - **ones that give the maximum rate of return at different risk levels** - or a professionally directed investment option or both.

Source: [NCPA Policy Report No. 248, December 2001](#), Brooks Hamilton and Scott Burns

Structure	
Old Method	New Method
Proprietary Bundled Service: Because of the cost-intensive nature of the "old-school" 401(k) service methods, single providers such as Fidelity, Vanguard, The Principal, Manulife, etc., had an upper hand in the marketing of 401(k) plans. They were the only firms who could spread the costs over their very large asset bases.	Open Architecture: The new web-based database technology make 401(k) Plan services flexible and immediately available to thousands of employees. This also allows access to thousands of investment options rather than those offered from a single source fund family or an insurance company. Institutional style index funds from DFA have recently been made available for 401(k) plans.

Investments	
Old Method	New Method
High fee, actively managed funds with participants "running wild" with their choices.	Premixed, risk-calibrated, efficient, globally diversified portfolios of index funds. Employees take a risk capacity survey which directs them to an appropriate risk exposure or portfolio of index funds.

[more Info](#)

Research and Discussion on Pension Investing:

[Red, Yellow, and Green:](#)
[A Taxonomy of 401\(k\) Portfolio Choices](#)

[Written Testimony of Matthew D. Hutcheson, Independent Pension Fiduciary on "Are Hidden Fees Undermining Employee Retirement Income Security?" presented to the Committee on Education and Labor, U.S. House of Representatives, March 6, 2007 - see Matthew Hutcheson, LLC Website](#)











HIDDEN FEES IN 401(K) PLANS, by Stephen J. Butler
Presented to the COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES


PRIVATE PENSIONS

Increased Reliance on 401(k) Plans Calls for Better Information on Fees, Statement of Barbara D. Bovbjerg, Director Education, Workforce, and Income Security Issues

Wal-Mart sued over lack of index funds and lower cost institutional funds in their \$9.5 Billion 401(k) plan. 1.4 million employees are mad and are not going to take it any more! They want index funds and they want them now! You should too.

"We were surprised to discover that the majority of retirement plans underperform the S&P 500," says Dan Cole, Director of Research and Development at Judy Diamond Associates. Based on data from Form 5500 annual financial reports, **495,000 plans** underperformed the S&P 500 during their most recent available plan year.

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matching people with portfolios



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